

7(a) GUARANTY LOAN APPLICATION CHECKLIST FOR LENDERS

Submission of all applicable items included in this checklist, along with the checklist itself, will enable SBA to process your application quickly. The application, SBA Forms 4 and 4-I, must be fully completed. Be sure that the applicant(s) signs and dates all documents, financial statements, and tax returns. An incomplete package may result in your application being returned or withdrawn, and in extensive processing delays. Computer generated SBA application forms, closing forms and other forms designated by SBA may be used if the forms are exact reproductions of SBA forms.

1	LENDER'S TRANSMITTAL LETTER.									
2	<p>LENDER'S APPLICATION SBA FORM 4-I (2-05), fully completed, signed and dated. Where the Lender's credit memorandum covers the information requested, it may be referenced.</p> <p>a. Lender has completed the pro-forma Balance Sheet on the reverse of 4-I.</p> <p>b. Lender has completed the Profit & Loss section on the reverse of 4-I along with the space provided for owner withdrawal/ stockholder compensation.</p> <p>c. Lender has completed Pro-forma Schedule of Fixed Obligation section.</p> <p>d. Lender has provided comments on:</p> <table border="0"> <tr> <td>- Balance Sheet and ratio analysis</td> <td>- Applicant's Eligibility</td> </tr> <tr> <td>- Repayment ability analysis</td> <td>- Lender's credit experience with applicant.</td> </tr> <tr> <td>- Management skills analysis</td> <td>- Schedule of insurance requirements.</td> </tr> <tr> <td>- Collateral analysis</td> <td>- Standby Agreements and other requirements</td> </tr> </table>	- Balance Sheet and ratio analysis	- Applicant's Eligibility	- Repayment ability analysis	- Lender's credit experience with applicant.	- Management skills analysis	- Schedule of insurance requirements.	- Collateral analysis	- Standby Agreements and other requirements	
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3	LENDER'S CREDIT MEMORANDUM.									
4	A completed SBA GUARANTY LOAN PRE-APPLICATION CHECKLIST . Optional, but recommended.									
5	<p>APPLICATION, SBA FORM 4 (2-05), fully completed and signed by applicant and preparer/packager. Items 9,10, 11, 17,18 and 19 of the form's checklist are answered.</p> <p>STATEMENTS REQUIRED BY LAW AND EXECUTIVE ORDER has been read and detached by the applicant(s) and all appropriate parties have signed and dated the APPLICANT'S CERTIFICATION on page 4 of SBA Form 4.</p>									
6	SBA FORM 1624, "CERTIFICATION...LOWER TIER TRANSACTIONS" has been signed and dated by the applicant and RETAINED IN THE LENDER'S FILE .									
7	NAME OF THE APPLICANT AND ITS FORM OF ORGANIZATION has been confirmed by the lender and is consistent throughout the application.									
8	SBA FORM 1846, "STATEMENT REGARDING LOBBYING" , signed and dated by the lender .									
9	A current CREDIT REPORT AND / OR D&B REPORT on the applicant entity and its principals with any derogatory information fully explained.									
10	A SCHEDULE DETAILING THE USE OF LOAN PROCEEDS , if not included in lender's credit memo or is not clear from the FORM 4.									
11	<p>SBA FORM 912, "STATEMENT OF PERSONAL HISTORY", submitted, signed and dated by proprietors, partners, officers and directors regardless of ownership & by shareholders owning 20% or more of the stock.</p> <p>a. Thorough explanations provided for each Form 912 where questions 6, 7, or 8 are answered "yes." In these cases, fingerprint cards (Form FD-258) may be required. Consult with SBA Finance Division staff before submitting.</p> <p>b. For all non-citizen(s), verification of resident alien status by U.S. Immigration and Naturalization Service (INS), using their form G-845. Include copy of "Permanent Resident Card" (Form I-551), along with verification from INS.</p>									
12	A brief HISTORY OF THE BUSINESS and expected loan benefits.									
13	RESUMES FROM THE PRINCIPALS and management staff.									
14	TRUST AGREEMENT , if a Trust is to be a guarantor or obligor.									
15	FORM 4 SCHEDULE A (2-05), SCHEDULE OF COLLATERAL . Include property descriptions, serial numbers and other data as required for all collateral with a market value over \$5,000. Include AND SEPARATELY IDENTIFY fixed assets being acquired.									
16	If applicant is a FRANCHISE : Contact the Michigan District Office for details.									
17	IF A NEW BUSINESS : the equity capital contribution of the applicant is clearly described, including the source of the contribution. SBA requires an adequate equity injection from non-borrowed sources for a new business.									
FINANCIAL INFORMATION ON THE APPLICANT BUSINESS AND ITS PRINCIPALS: All financial information must be prepared in accordance with generally accepted accounting principles										
18	BALANCE SHEET AND PROFIT AND LOSS STATEMENT for the current interim period on the applicant business, <u>dated within 90 days</u> of the application's submission to SBA (opening balance sheet for a start-up). Statements are <u>signed and dated</u> by an authorized principal of the company.									
19	BALANCE SHEET AND PROFIT & LOSS STATEMENT for the last 3 fiscal years on the applicant business. Statements are <u>signed and dated</u> by an authorized principal of the company.									
20	One year detailed PROFIT AND LOSS PROJECTION . Include a NARRATIVE STATEMENT supporting projected results if repayment ability is not clearly evident from historical profit levels. Monthly Cash Flow projection for first 12 months after loan. Mandatory for all CAPLines.									
21	RECONCILIATION OF THE APPLICANT BUSINESS' NET WORTH , if the reconciliation is not evident on the financial statements or the Lender's presentation. Reconciliation is signed and dated by an authorized principal of the company.									

22	SCHEDULE OF ALL BUSINESS TERM DEBT (NOTES, CONTRACTS & LEASES PAYABLE). Term debt totals <u>agree with amounts shown in the current interim balance sheet</u> . Schedule is signed and dated by the applicant. Copy of any note(s) being paid from loan proceeds. On loans where participating Lender's note(s) is/are being refinanced, Lender to provide written certification that loan(s) have never been over 29 days past due during the past 36 months <u>and</u> a transcript(s) of the account(s). <i>NOTE. SBA FORM 4 has a debt schedule section, which will satisfy this requirement if <u>FULLY COMPLETED</u>. If another format is used, contain <u>the same data</u> as requested in the Form 4 format.</i>	
23	AGINGS OF ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE. Totals agree with amounts shown in the current interim period financial statement. Agings are signed and dated by an authorized principal of the company.	
24	SBA FORM 413, "PERSONAL FINANCIAL STATEMENT," submitted for each guarantor*, proprietor, stockholder holding 20% or more of stock, and for each partner for the applicable form of entity. SBA Form 413 is preferred. However, a substitute form may be used if all Form 413 information is provided. Statements must be signed, dated and prepared <u>within 90 days</u> of the application date. <i>*NOTE.- If the company's stock is widely held, such that no one has 20% or more; or, if an officer or owner of less than 20% is in a position to control the resources of the company, then one or more of those with less than 20% ownership will be required to guarantee the loan and submit financials. Spouse must include assets and liabilities and sign and date the form.</i>	
25	AVAILABILITY OF FUNDS FROM PERSONAL RESOURCES. Lender has verified that funds are not available from the personal resources of any owner of 20% or more of the equity of the applicant, subject to the following guidelines: <ul style="list-style-type: none"> - When the total financing package (TFP) is \$250,000 or less, personal liquid assets in excess of the greater of two times the TFP or \$100,000 must be utilized. - When the (TFP) is between \$250,001 and \$500,000, personal liquid assets in excess of the greater of one and one-half times the TFP or \$500,000 must be utilized. - When the (TFP) exceeds \$500,000, personal liquid assets in excess of the greater of one times the TFP or \$750,000 must be utilized. 	
FINANCIAL INFORMATION ON AFFILIATES: Concerns are affiliates of each other when one concern has the power to control the other, or a third party or parties has the power to control both. Firms need not be in related fields nor must they have inter-company transactions to be considered affiliates. The same financial information required from the applicant entity will be required from all affiliates.		
26	LIST OF AFFILIATES, including ownership, relationship and extent of inter-company transactions with the applicant.	
27	BALANCE SHEET AND PROFIT AND LOSS STATEMENT ON ALL AFFILIATES for the current interim period dated <u>within 90 days</u> of the application's submission to SBA. Statements are <u>signed and dated</u> by an authorized principal of the company.	
28	BALANCE SHEET AND PROFIT & LOSS STATEMENT ON ALL AFFILIATES for the last three years. Statements are <u>signed and dated</u> by an authorized principal of the company.	
ADDITIONAL INFORMATION FOR BUSINESS ACQUISITIONS: Provide the following, or if any of the information is not available, so note and explain.		
29	Copy of BUY-SELL AGREEMENT .	
30	The REASON FOR SALE OF THE BUSINESS is explained in the Lender's Credit Memorandum or cover letter.	
31	CURRENT BALANCE SHEET AND PROFIT AND LOSS STATEMENT from seller dated within 90 days of submission to SBA. These statements are signed and dated by the seller.	
32	AN EVALUATION OF THE SELLING PRICE OF THE BUSINESS by the Lender, if "goodwill" or intangibles are included in the price. Use one or more of the following acceptable valuation methods: (1) Gross Revenue Multiplier, (2) Adjusted Book Value, (3) Discounted Future Earnings, (4) Capitalized Adjusted Earnings or (5) Cash Flow Valuation.	
ADDITIONAL INFORMATION FOR REAL ESTATE ACQUISITION, CONSTRUCTION, IMPROVEMENT, REFINANCE OR WHEN TAKEN AS COLLATERAL:		
33	Copy of BUY-SELL AGREEMENT .	
34	Copy of REAL ESTATE APPRAISALS for all loans in excess of \$250,000, which are secured by real property. If not provided with the application, an appraisal will be required in the Loan Authorization.	
35	Copy of available ENVIRONMENTAL SITE ASSESSMENT REPORT(s) . If not provided with the application, these reports will be required in the Loan Authorization if commercial real estate secures the loan: <ul style="list-style-type: none"> - Environmental questionnaire or - Transaction Screen Analysis or - Phase 1, 2, or 3 environmental site assessment 	
36	IF ANY PORTION OF A BUILDING BEING ACQUIRED, RENOVATED OR REFINANCED WILL BE RENTED/LEASED TO OTHERS, confirmation that such space will constitute not more than 49% of the total rentable property (interior useable square footage plus interior common areas) and that loan proceeds will not be used to remodel the space or convert it to rented/leased out space.	
37	IF ANY PORTION OF A NEW BUILDING BEING CONSTRUCTED WILL BE RENTED/LEASED TO OTHERS, confirmation that such space will constitute not more than 40% of the total rentable area initially, and reasonable projections of growth show that the applicant will need some of this space within three years and 80% of the total rentable area within ten years.	
38	A contractor, architect or other reliable ESTIMATED COST OF CONSTRUCTION .	